RECENT IMPORTANT DECISIONS

ATTORNEY AND CLIENT—CONTRACTS RESTRICTING SETTLEMENT BY CLIENT.—A contingent fee agreement made by an attorney with his client provided that the attorney should have a lien for his services on the amount received by reason of the claim, and also that neither party should compromise the claim without the consent of the other. The plaintiff brought suit for the amount of his services against the defendants in the prior suit, who admitted receiving notice of the above agreement. *Held,* an agreement prohibiting a client from settling a case without the attorney's consent is void as against public policy and third parties sought to be held liable for compensation of client's attorney may avail themselves of its invalidity, *Nichols* v *Waters,* (Mich., 1918), 167 N. W. 1.

This question has never been passed on before in Michigan. But the view of the court is in accordance with the weight of authority and reason. Public policy forbids that an attorney at law should so arrange for an interest in the subject matter of litigation as to preclude the client from compromising the cause with the adverse party without the attorney's consent. *Davis* v. *Webber,* 66 Ark. 190. (For collection of authorities, see *Thornton on Attorney at Law,* 754.) The whole contract is affected by the invalidity of a stipulation restricting the client's privilege to settle. *Davis* v. *Webber* (*supra*). Third parties may avail themselves of its invalidity. *Davis* v. *Fid. & Cas. Ins. Co.,* 78 Ohio St., 256; *Ingersoll* v. *Coal Creek Coal Co.,* 117 Tenn. 263. But such stipulation may be held valid. *Lipscomb* v. *Adams,* 193 Mo. 530; *Hoffman* v. *Vallejo,* 45 Cal. 564; *Ft. Worth, etc., Ry. Co. v. Carlock,* 33 Tex. Civ. A. pp. 202. For a discussion of the Missouri case, see 7 MICH. L. REV. 679.

BANKRUPTCY—DISCHARGE—TRANSFER NO BAR TO DISCHARGE.—While the bankrupt was of doubtful solvency and was losing money on a number of stores owned by him, he organized a corporation of which he took all the stock except a few shares held by his wife and his bookkeeper. His profitable stores he transferred to this corporation with the avowed intention of breaking his leases on the unprofitable stores. He hypothecated about three-fourths of the stock to obtain new money from new creditors. *Held* that, in the absence of "fraudulent intent," discharge would not be denied. *In re Braus.* (C. C. A. —, 1917), 248 Fed. 55.

§ 14b (4) of the BANKRUPTCY ACT denies a discharge if the bankrupt has "transferred, removed, destroyed, or concealed * * * * any of his property with intent to hinder, delay, or defraud his creditors." The District Court (237 Fed. 139) recognized a division in the authorities, but *held* with those which presume a fraudulent intent when the necessary effect of the transfer is to hinder, delay, or defraud creditors. See 15 MICH. L. REV. 436. *Dean* v. *Davis,* 242 U. S. 438, although the question there came up under § 67e of the BANKRUPTCY ACT, seems to support the District